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From Policy to Practice:

Climate Resilience and Decarbonisation in Focus

Sustainable Investing Quarterly Report | Q2 2025

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Introduction

Between Progress and Setbacks: The Global Climate Agenda in Motion

Keith Guthrie

Head of Sustainability UK

The second quarter of 2025 was marked by a deepening convergence between climate policy, financial innovation, and social equity in Europe. As the European Union advances its proposed 2040 climate target—a 90% reduction in net greenhouse gas emissions compared to 1990 levels—investors, regulators, and civil society are increasingly aligning around the need for a just and inclusive transition to a low-carbon economy.

Two themes stood out this quarter as central to the evolving sustainable finance agenda:

Climate Resilience Through Financial Inclusion

Financial inclusion is gaining recognition as a powerful tool for climate adaptation and social resilience. In regions most vulnerable to climate change—particularly low-income, rural, and underserved communities—access to finance is a critical enabler of survival and opportunity. Inclusive financial institutions are helping individuals and small enterprises invest in climate-smart agriculture, renewable energy, and disaster preparedness. The shift from access to outcomes is reshaping how financial inclusion is measured, with a growing emphasis on its role in building long-term resilience and supporting sustainable development.

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Between Progress and Setbacks: The Global Climate Agenda in Motion

Driving Decarbonisation Through Strategic Engagement

Investor engagement continues to play a pivotal role in accelerating industrial decarbonisation. Collaborative initiatives such as the Dutch Climate Coalition are focusing on high-emitting sectors like chemicals and steel, encouraging companies to adopt science-based targets, publish credible transition plans, and improve transparency around Scope 3 emissions. These efforts are increasingly aligned with the EU's climate policy trajectory and reflect a broader shift toward more structured, benchmark-driven stewardship practices.

Stewardship and Shareholder Action

The 2025 proxy season highlighted the growing complexity of ESG-related shareholder engagement. While climate and diversity remain key areas of focus, new issues such as responsible AI oversight and political lobbying transparency are gaining traction. Shareholder proposals are becoming more targeted, and voting outcomes are increasingly seen as a barometer of corporate accountability on sustainability issues.

Together, these developments underscore a broader transformation for those who seek a progressive agenda on sustainable investing—one that integrates environmental and social priorities, responds to evolving policy frameworks, and seeks to deliver long-term resilience and equity.

Unfortunately, this is not a universally supported. In the international arena progress on climate change and sustainability is divergent. The UK labour government has accelerated its commitments towards decarbonising the electricity grid with the formation of Great British Energy, commitments to developing new nuclear power stations and a push to decarbonise much of the grid by 2035. The new US administration has begun the process of withdrawing from the Paris agreement, and new SEC rules on 13D/G filings are significantly limiting the ability of large asset managers to engage US companies on ESG related issues. The bright spot for climate is China. Between just January and May of this year China added 244 gigawatts of solar and wind capacity, the equivalent to the entire electricity production of a country the size of Indonesia or Turkey. For the first time in May China emissions declined over 12 months, despite growth in total energy demand. China is well ahead of its 2030 targets and, as the largest emitter responsible for 30% of global emissions, this would be very good news if the trend continues.

As the global consensus on climate goals seems in danger of fragmenting, the role of finance in enabling inclusive, transparent, and science-aligned solutions has never been more critical.

News and Trends

Developments in the second quarter

Togo O'Brien
Head of Sustainability Solutions

In this chapter, we discuss news and developments in the field of sustainable investing.

Navigating the Transition: Strategic Implications of the proposed EU's 2040 Climate Target

The European Commission has set forth a legally binding target to cut net greenhouse gas emissions by 90% by 2040, compared to 1990 levels. The proposed target reinforces the EU's long-term decarbonisation trajectory and directly informs the evolving regulatory landscape for sustainable finance. As the European Commission revisits the SFDR framework, the emphasis is shifting toward clearer definitions, stronger alignment with the EU Taxonomy, and better support for transition finance - key themes also addressed in the upcoming Omnibus Regulation. Together, these developments signal a more integrated and forward-looking approach to sustainability disclosures, with significant implications for fund classification, product design, and portfolio alignment.

A Clearer Path to Net Zero

The 2040 target is designed to provide long-term visibility for investors, reinforcing the EU's commitment to climate neutrality by 2050. It also aligns with the EU's broader economic strategy, which emphasises industrial competitiveness, energy security, and innovation in clean technologies. For asset managers such as Cardano, if approved, this binding target offers a framework for aligning portfolios with the transition economy. It also underscores the importance of integrating climate factors into the investment processes.

Key Considerations for Portfolio Strategy

The policy shift is expected to accelerate capital flows into sectors such as renewable energy, electrification, energy storage, and carbon removal. Conversely, carbon-intensive industries may face increased transition risk, regulatory headwinds, and potential asset stranding.

ESG Integration and Stewardship

The 2040 target strengthens the case for robust ESG integration. Asset managers will need to assess portfolio alignment with EU climate goals, engage with issuers on transition plans, and prepare for enhanced disclosure requirements under the CSRD and SFDR.

Green and Transition Finance

Demand for green bonds, sustainability-linked loans, and transition finance instruments is likely to rise. Managers with capabilities in sustainable fixed income and private markets may find new opportunities to deploy capital in alignment with EU policy.

Risk Management and Scenario Analysis

The proposed target provides a new reference point for climate scenario analysis. Asset managers should consider updating their models to reflect a 90% emissions reduction pathway and assess implications for asset valuations, credit risk, and long-term return assumptions.

Looking Ahead

The proposal is currently under review by the European Parliament and Council, with final adoption expected in 2026. Once in place, it will serve as a cornerstone for EU climate policy and a benchmark for national transition plans, corporate disclosures, and financial regulation.

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News and Trends

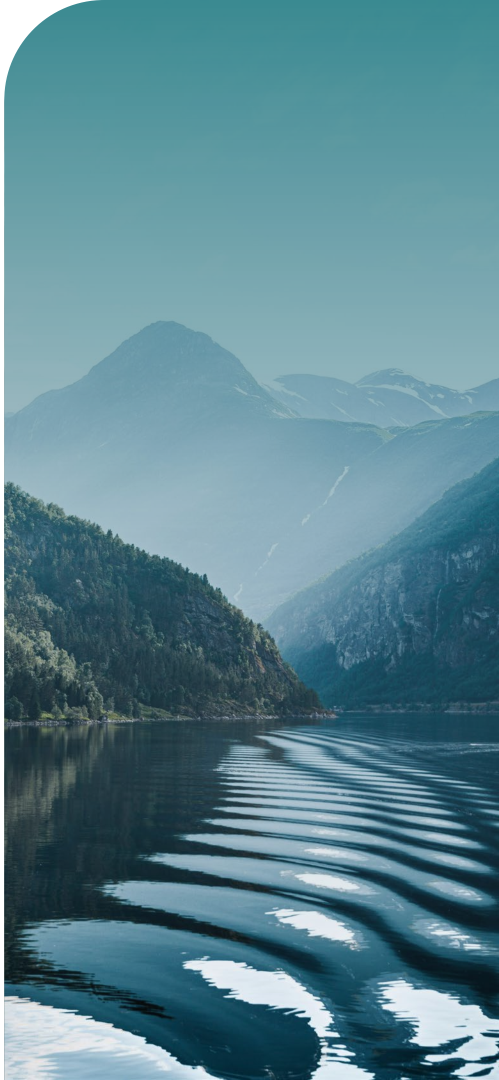
Developments in the second quarter

In light of the proposed target, we are currently reviewing our Climate Strategy to explore how it could align with this ambition, should the target be formally adopted. This review includes assessing our interim goals, investment approach, and stewardship activities to ensure they remain robust and forward-looking. Our intention is to remain responsive to evolving policy landscapes while continuing to deliver sustainable, long-term value for our clients.

Sustainability Labels and Sustainability Commitments

In the first half of the year, we observed a significant shift in the landscape of sustainability commitments among companies and asset managers in Europe. Sustainability labels, which once signified strong sustainability credentials, are no longer perceived as carrying the same weight or importance as before. The suspension of activities by initiatives like the Net Zero Asset Managers (NZAM) has further contributed to this perception.

Unlike the US, where political opposition has significantly impacted sustainability commitments, the European Union continues progress on setting sustainability targets, such as that mentioned above. At Cardano, we remain committed to supporting the transition to a more sustainable world and embed sustainability in our day-to-day processes. However, we also recognise that the industry is evolving, and thus we focus on areas where we can make a significant impact, where they are important to our clients and stakeholders, and where they will best support the transition.



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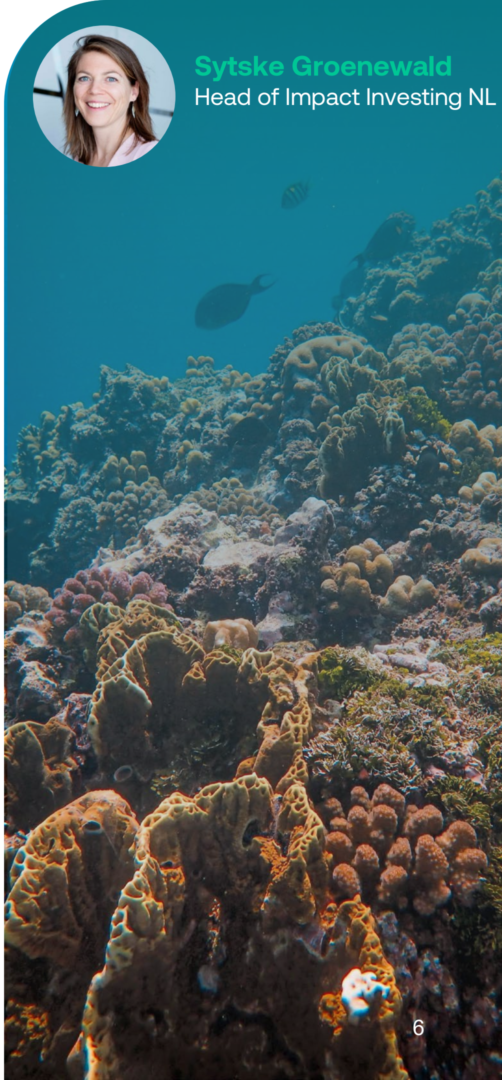
Theme in focus

Climate Resilience Through Financial Inclusion



Sytske Groenewald
Head of Impact Investing NL

In a year when climate finance has taken centre stage, the role of financial inclusion is undergoing a profound transformation. No longer viewed solely as a tool for poverty alleviation, inclusive finance is now recognised as a critical enabler of climate resilience, gender equity, and sustainable development.

For millions living on the frontlines of climate change—particularly in low-income, rural, and underserved communities—access to finance is not just about economic opportunity; it's a lifeline for adaptation and survival.

From Microfinance to Macro Impact

The origins of financial inclusion lie in the microfinance movement of the late 20th century, most notably with the founding of the Grameen Bank by Muhammad Yunus in 1976. What began as a grassroots initiative to provide small loans to the unbanked has evolved into a global movement. Today, financial inclusion is a key pillar of development finance, increasingly embraced by institutional investors for its dual promise of social impact and financial stability.

The Climate Imperative for Inclusive Finance

As extreme weather events, rising sea levels, and shifting agricultural patterns intensify, those with the least financial security are bearing the brunt. In this context, inclusive financial institutions (IFIs) are emerging as essential actors in building climate resilience. By offering microloans, insurance, and savings products tailored to vulnerable populations, IFIs empower communities to invest in climate-smart agriculture, renewable energy, and disaster preparedness.

A New Era of Inclusion: From Access to Outcomes

According to the Centre for Financial Inclusion, 2025 marks a turning point: financial inclusion is no longer just about access—it's about measurable outcomes. The focus is shifting towards how inclusive finance can build resilience, unlock opportunity, and support sustainability in the face of global challenges.

Despite progress, 1.4 billion people still lack access to a bank or savings account. In emerging and frontier markets, specialised financial institutions are working to close this gap by serving micro, small, and medium-sized enterprises (MSMEs) and low-income households—segments often overlooked by traditional banks. These institutions are deeply embedded in local communities, enabling them to deliver tailored, high-impact financial services.

Climate Finance: The Defining Story of 2025

This year, climate finance has emerged as the defining global issue. At COP29 and in line with the European Green Deal, the European Commission proposed a legally binding 2040 climate target: a 90% reduction in net greenhouse gas emissions compared to 1990 levels. This target is more than a climate milestone—it's a strategic signal to investors, businesses, and governments that the EU is committed to a clean, competitive, and resilient economy.

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Theme in focus

Climate Resilience Through Financial Inclusion

Sytske Groenewald
Head of Impact Investing NL

Financial inclusion is a critical enabler of this transition. By providing tailored financial products—such as microloans for solar panels, insurance for climate-related crop failures, or green bonds for small businesses—financial institutions can help communities adapt to climate change while contributing to global decarbonisation goals.

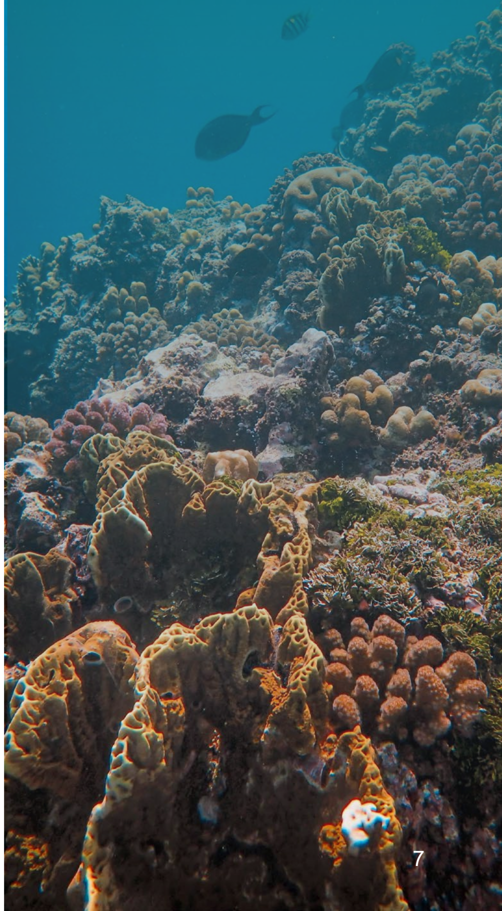
This is especially vital in emerging economies, where the impacts of climate change are most severe and the need for adaptation is most urgent. Inclusive finance ensures that the green transition is not only effective but also equitable—reaching those who are often left behind in traditional financial systems.

Digital Innovation: Accelerating Inclusive Climate Finance

Digital financial services are accelerating this transformation. Mobile banking platforms are enabling pay-as-you-go solar systems in off-grid areas, making clean energy more accessible and affordable. These platforms also streamline the distribution of climate-related subsidies and microloans, ensuring that support reaches those who need it most—quickly and efficiently.

Conclusion: Inclusion as Climate Strategy

In 2025, financial inclusion is no longer a peripheral development goal—it is a strategic climate solution. As the world mobilises to meet ambitious climate targets, inclusive finance must be recognised not just as a moral imperative, but as a practical one. It is the bridge between global climate ambition and local resilience—and it is essential to ensuring that no one is left behind in the transition to a sustainable future.



Theme in focus

Financial Inclusion at Cardano

Driving Financial Inclusion with Impact and Returns: Cardano's Journey Since 2007

Since initiating its commitment to financial inclusion in 2007, Cardano has facilitated the deployment of €3.7 billion in private debt capital to 230 financial institutions across emerging and underserved markets. This long-standing dedication has not only expanded access to finance for millions but has also demonstrated that social impact and financial performance can go hand in hand.

Impact Highlights from 2024

In 2024 alone, Cardano directly financed 62 inclusive financial institutions, enabling them to reach 23.6 million end-clients. Notably, 6% of these individuals were first-time borrowers, gaining access to formal financial services for the first time in their lives.

The outreach continues to focus on underserved and vulnerable populations:

- 69% of end-clients were women, supporting gender equity and economic empowerment.
- 50% lived in rural areas, where access to financial services remains limited.
- 72% were classified as low-income, with 28% living below their national poverty line.

Additionally, 45% of the loans were disbursed through solidarity groups—community-based lending models that foster mutual accountability and financial resilience.

Cardano's approach exemplifies how targeted investment strategies can create scalable, sustainable impact while delivering competitive financial returns. As the global demand for inclusive finance grows, Cardano remains committed to bridging the gap between capital markets and communities that need them most.

Impact Case

Cardano Financial Inclusion Impact Fund has invested in Namdev a financial lender based in Rajasthan, India. Namdev provides secured loans to customers in rural areas who are new to credit or have limited credit history. The company offers loans for predominantly income-generating activities through MSME loans and loans for (electric) rickshaws. Recently, Namdev also offers loans to obtain solar panels for both residential and commercial properties to empowers clients and contributes to climate change mitigation.

Maya Bunkar

A case study where financial inclusion is instrumental to support jobs, gender equality, but also to address climate mitigation is that of Maya Bunkar from India. Maya, a mother of two from Jaisinghpura Khor, struggled to support her family with her sewing work. Her husband's income was not sufficient anymore. As their children grew, expenses increased, making it difficult to make ends meet.

To improve their financial situation, Maya decided to invest in an electric rickshaw. She took a loan from Namdev and was pleased with the quick and easy process. With the loan, she purchased an EV rickshaw and rented it out, earning ₹400 daily. This extra income allowed her to pay the loan's interest and support her family. Maya is now able to purchase all school materials, cloths and shoes for the children and now and then even saves money. Maya's story shows how Namdev's loans can help individuals create new income sources and achieve financial stability and a better future for her family.

Stewardship in Practice

Driving Decarbonisation Through Strategic Engagement

Mariët Druif
Responsible Investment Officer

The Dutch Climate Coalition (DCC) was launched in 2022 in response to the global underperformance in decarbonisation efforts, particularly within high-emitting industries. Recognising the urgent need to align industrial practices with the goals of the Paris Agreement, the DCC was formed as an investor initiative to accelerate the transition to a low-carbon economy. It aims to influence carbon-intensive companies to adopt credible, science-based transition pathways.

Initially, the coalition concentrated its efforts on the oil and gas sector, given its significant contribution to global emissions. However, due to limited progress and engagement challenges, the DCC has expanded its focus to include demand-side industries such as chemicals, steel, and utilities, which are both energy-intensive and necessary to the broader industrial transition.

This shift also reflects the growing urgency to align with evolving European climate policy, particularly the EU 2040 climate proposal, which sets a clear trajectory for deep emissions reductions across all sectors of the economy. The DCC's work supports this by targeting industrial actors and encouraging them to adopt transition pathways that are consistent with the EU's long-term climate goals. DCC has established sector-specific working groups which facilitate engagements and knowledge sharing among investors. Cardano plays an active role in the chemicals and steel working groups, contributing expertise and co-leading engagements with companies.

The coalition's engagement framework is broadly aligned with the Climate Action 100+ (CA100+) benchmark and focuses on the following objectives:

- Set Paris-aligned targets for Scope 1, 2, and 3 emissions and obtain SBTi verification
- Publish a climate transition plan including:
  - A quantitative breakdown of decarbonisation levers
  - Capital expenditure (Capex) allocations per lever
- Implement robust climate governance
- Align lobbying activities with the goals of the Paris Agreement.

Recent Activities and Milestones

In the past quarter, the sectoral groups identified priority companies for engagement and assigned investor leads. Cardano is co-leading the engagement with Steel Dynamics and is contributing to dialogues with BlueScope Steel, Dow, and Linde. Initial contact has been made with all companies, and the coalition has completed the first two engagement milestones: contacting companies and gaining an understanding of their current climate strategies.

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Stewardship in Practice

Driving Decarbonisation Through Strategic Engagement

Mariët Druif
Responsible Investment Officer

Chemicals Sector: Engagement Progress

Engagements with Linde and Dow have focused on their emissions profiles and transition strategies:

- Linde has set SBTi-verified targets for Scope 1 and 2 emissions by 2030.
- Dow has also set similar targets but has yet to receive SBTi verification.

Both reported progress in reducing Scope 1 and 2 emissions through increased use of renewable energy and electrification of processes. However, they acknowledged that business growth has offset absolute emissions reductions, resulting in only modest gains for Linde and a flat emissions trajectory for Dow.

On Scope 3 emissions, both are in early stages of collecting supplier data and developing targets, but neither has committed to a timeline. Although they shared examples of decarbonisation levers, they have not committed to publishing detailed transition plans. Dow cited its internal roadmap but expressed reluctance to disclose it publicly. Linde emphasized a preference for focusing on execution rather than making public commitments with uncertain outcomes.

Steel Sector: Engagement Progress

The dialogue with Steel Dynamics focused on its climate transition planning, Scope 3 emissions, and renewable energy goals. The company shared examples of large-scale projects contributing to its 2030 renewable energy target but did not provide a comprehensive plan. On Scope 3 emissions, Steel Dynamics indicated progress in data collection but offered limited detail. Among the companies engaged, only BlueScope Steel has formally committed to enhancing the granularity of its Scope 3 emissions reporting. Overall, while there is movement in the right direction, significant gaps remain, particularly in the publication of detailed transition plans and verification of emissions targets.

Regional Disclosure Trends and Next Steps

A notable trend is the reluctance of US-based companies (all except BlueScope Steel) to publicly disclose detailed climate strategies and firm commitments. This contrasts with European companies, which tend to lead in ambition. The DCC will continue to engage with all companies, encouraging them to adopt best practices from European peers and to enhance both the transparency and credibility of their climate transition efforts.

By aligning its engagement strategy with the EU 2040 climate proposal, the DCC reinforces the importance of investor action in driving decarbonisation.

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Stewardship in Practice

Advance – Initiative on Human Rights

Marie Payne
Responsible Investment Officer

At the end of 2023, Cardano joined the PRI Advance initiative, a collaboration focused on human rights and social issues with the objective of driving positive outcomes for workers, communities and society. Companies in the renewable energy and extractives industries have been under engagement since the launch, with Cardano leading on French company Engie and collaborating on German company E. ON. The overarching objectives of the engagements are to see progress on salient human rights risks, alignment of political donations and application of the UN Guiding Principles on Business and Human Rights (UNGPs).

Updates on Activites

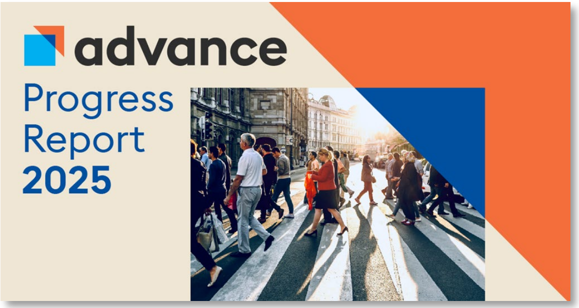
Following several calls with Engie in 2024, where the investors gained insight into the company's approach to human rights, we set clear objectives for the engagement on improving human rights salient risks disclosure, including in high risk areas and activities in disputed territories; targets and progress on gender diversity as well as living wage; progress on their zero-fatality health & safety objective; and report on responsible political engagements relating to human rights. A call is scheduled with the company for September 2025 to talk about progress since our previous meetings.

Regarding E.ON, the lead investor is aiming to schedule a call in the coming weeks to discuss human rights in the company's double materiality assessment, supplier due diligence as well as responsible political engagement.

Outlook

Engie has demonstrated best practices on human rights policies and processes, and we continue to have an open dialogue on where improvements can be made. One of the more difficult topics is disclosure around activities in disputed territories. As highlighted in a case study written by Cardano in the Advance 2025 Progress Report, there can be reticence from companies to disclose on activities in disputed territories and how human rights due diligence was conducted in that context. Given the heightened human rights risks in these areas (which can bring material legal, operational and financial risks and impact local communities), we believe engaging companies on the topic is necessary and will persevere with these efforts to see progress.

We will support our engagements with a new responsible political engagement source. The EIRIS foundation has launched the Social Lobby Map, which tracks corporate lobbying activities that influence human rights legislations worldwide.



Stewardship in Practice

Navigating the 2025 Proxy Voting Season

Marie Payne
Responsible Investment Officer

Angela Brouwers
Responsible Investment Officer

This proxy season, companies and investors faced a challenging environment due to shifting expectations and evolving rules. Recent SEC guidance has made it easier for companies to exclude shareholder proposals from the ballot.

More shareholder resolutions challenged

Cardano experienced the impact of this change firsthand when co-filing a resolution at Mondelez, a US-based food and beverage manufacturer which lags its peers on health-related disclosure. Despite the resolution only requesting the publication of a report, the company successfully challenged it on the grounds of 'micromanagement'. Cardano remains committed to the issue and wrote a joint investor letter to the board. We have also taken a lead role in the Access to Nutrition Initiative (ATNi) Global Index engagement with the company, where improved disclosure on product healthiness remains a key goal.

Continued commitment to diversity and inclusion

Diversity, Equity, and Inclusion (DEI) was a hotly debated topic this season. Once widely supported, DEI has become a flashpoint for political, legal, and cultural debates. Anti-DEI proposals have surged by +17% compared to 2024. While anti-DEI proposals attract media attention, they tend to receive very low shareholder support (between 0.8% to 2.3%)[1]. While the number of pro-DEI proposals that reach ballots has declined, they continue to receive higher levels of support.

Cardano consistently aligns voting with inclusivity by:

- **Opposing anti-DEI shareholder resolutions:** Cardano voted against proposals seeking to reverse diversity programs and policies. (E.g. At Apple and Costco, which were also rejected by a majority of shareholders, with very low support levels at respectively 2,3% and 1,7%).

- **Supporting pro-DEI initiatives**: Cardano backed proposals advocating for inclusive policies. (E.g. at Elevance Health, Genuine Parts and Ford Motor. These resolutions were supported by 13.8% and 17,6% of shareholders respectively).

- **Board diversity standards:** Cardano voted against directors at companies where the board diversity fell below our policy thresholds. This was at 288 meetings, across 15 markets with most of the cases in Japan, Hong-Kong, the United States and UK.

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Stewardship in Practice

Proxy Season Voting Highlights

Marie Payne
Responsible Investment Officer

Angela Brouwers
Responsible Investment Officer

In the first half of the year, Cardano voted at over 2,200 meetings across 49 markets, representing 85% of annual meetings. We highlight votes most frequently cast against management and those reinforcing our climate commitments. More data is available on our stewardship page and all voting records are available on our disclosure website.

Voting against management on capital and compensation-related proposals

On average, Cardano voted on average 21% against management proposals, with the highest opposition on capital management (53%) and compensation (45%). On capital related resolutions, our votes reflected concerns over excessive dilution and authorization periods longer than 12 months. On remuneration, votes against were triggered by policy breaches on independence, board committee composition, lack of gender diversity, non-independent chairs and climate and ESG concerns.

Voting in line with our climate ambitions

Cardano supported 58 climate related shareholder resolutions, mainly in US and Canada (50 resolutions) but also at companies headquartered in Japan, Norway, Switzerland and Finland. These covered topics including lobbying alignment with climate commitments, disclosure of GHG emissions, Say-on-climate, and aligning business strategy to the Paris Agreement.

For management resolutions, we voted against the chair of the board at 13 high emitting companies where reporting is not TCFD-aligned or the company lacks net zero targets.

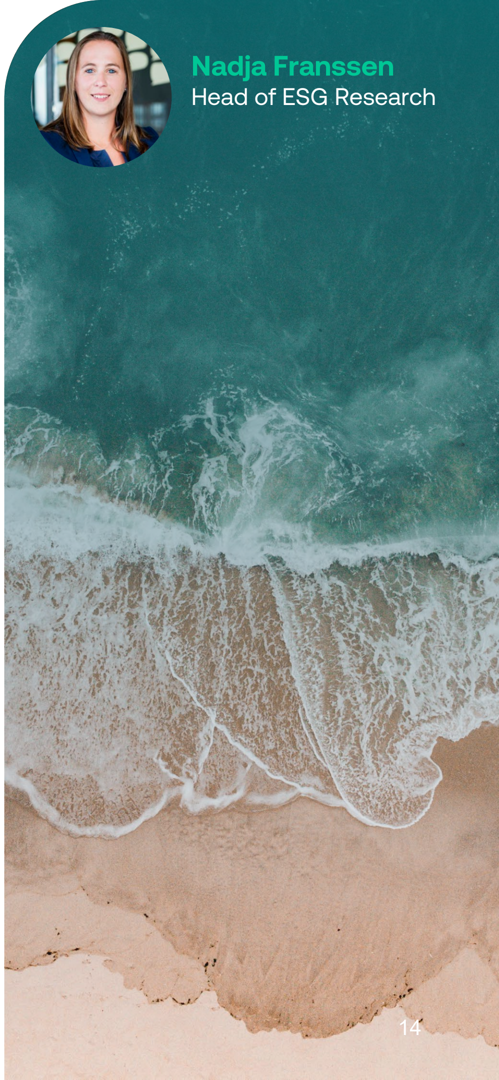
For our climate-related engagements, in select cases we have sent a letter to the company ahead of the AGM, expressing our voting intentions. This was the case at Yara and Equinor.

At Yara we voted against the election of the chair of the Sustainability Committee. The company has not shown progress in setting a comprehensive scope 3 target and has not published a CSRD-aligned transition plan.

At Equinor, in absence of board member elections, we voted against the accounts and reports because Equinor's revised energy transition plan represents a marked weakening of its previous climate plan and results in a trajectory that is less consistent with a 1.5°C-pathway, compared to the company's earlier strategy. We also voted against Equinor's energy transition plan for the same reasons and communicated our rationale for supporting Paris-aligned climate shareholder proposals.

Investment Universe

New Inclusions and Exclusions



Nadja Franssen
Head of ESG Research

All investments are examined for environmental, social, and governance (ESG) issues. The assessment criteria for these topics are laid down in the investment policy based on principles related to human rights, fundamental labour rights, corruption, environmental pollution, weapons, animal welfare, and integrity, among others. These principles are derived from international treaties, agreements, and best practices. It also assesses whether companies have the capacity to adapt to ongoing transitions toward a more sustainable society. Companies that lack this capacity create financial risks for the investment portfolio and can be excluded from investments.

Countries

No new countries were excluded or included.

Companies

The case studies presented here highlight some of the discussions this quarter by the Sustainability Categorisation Committee based on Cardano's periodic screening. Cardano's full exclusion list can be accessed through the website under the sustainability reports section. For fund-specific benchmark and restrictions, we refer to the relevant prospectus.

Caterpillar: Equipment manufacturer operating in the Construction Industries, Resource Industries, and Energy & Transportation segment. The company's equipment is allegedly used by the Israeli military in the disputed Palestinian territories. The International Court of Justice (ICJ) has determined that Israeli settlements in the Disputed Palestinian Territories violate international law. The company's association with these territories has attracted scrutiny from human rights organisations and investors, leading to shareholder resolutions and concerns regarding the human rights impacts linked to the end-use of its products. Despite growing concerns the company has not publicly addressed these. Caterpillar showed reluctance to engage and has not adopted detailed responsible sales polices or a human rights due diligence framework. For these reasons, the company will be classified by Cardano as being in Violation of International Standards, if no further response is received from the company during the exclusion pending period.

Heico Corporation: Manufacturing of jet engine and aircraft component replacement parts in the United States of America. The company's sector impact is high risk according to our Climate Strategy. While the firm says to strive for climate-neutral behaviour, has achieved some short-term carbon reductions, and offsets at least part of its unavoidable emissions, it does not commit to net zero and does not report on their carbon emissions. This lack of transparency means that adequate monitoring of progress by outsiders is not possible. Additionally, the company has no targets to increase its investments in clean technologies. The company did not provide a response to Cardano's exclusion pending letter and has therefore been classified as 'At-risk'.

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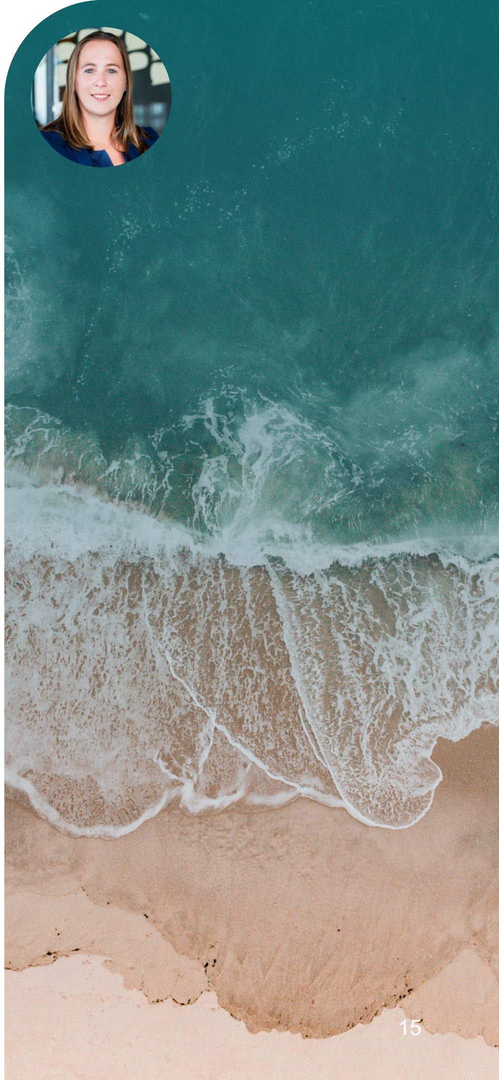
Investment Universe

New Inclusions and Exclusions

Tesla: USA-based electric vehicle and clean tech company. The company demonstrates strong environmental performance through its electric vehicles, energy storage systems, and solar products. In 2023, customer use of its products avoided an estimated 20m tCO_2e. Tesla continues to enhance safety systems, including updates to Tesla Vision, and expands its clean technology offerings. At the same time, the company is subject to product safety concerns linked to autopilot crashes and large-scale recalls, labour management issues such as union-busting allegations, supply chain human rights risks, as well as strikes in Sweden, plus governance concerns after a Delaware court voided the $56 billion CEO pay package overboard oversight lapses. Although Cardano has retained the 'Adapting' status, this status is subject to engagement and the Tesla's response to the beforementioned controversies. After the engagement period, Tesla's status might be downgraded to ‘At-risk’ if no sufficient response is provided or if no new public information clears the allegations.

Ryanair: Ireland-based airline company. The company has been labelled as 'at-risk' since 2020 due to lagging labour management and related controversies. Since 2020, Ryanair has signed union agreements in most countries it operates in, and the large majority of its workforce is covered by unions/collective agreements. Legal proceedings have forced the company to also improve employment conditions for non-directly employed staff in specific regions, particularly in Belgium, Denmark, and the UK. In these countries Ryanair now offers direct employment contracts to crew previously employed through employment agencies, ensuring staff is covered by local labour laws. Although their approach has been largely reactive and induced by legal proceedings, employment critique has decreased and the number of controversies went down significantly. Cardano therefore decided to upgrade the company to ‘Adapting’ status.



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